

To: CN=Richard Windsor/OU=DC/O=USEPA/C=US@EPA;CN=Bob Perciasepe/OU=DC/O=USEPA/C=US@EPA;CN=Bob Sussman/OU=DC/O=USEPA/C=US@EPA[]; N=Bob Perciasepe/OU=DC/O=USEPA/C=US@EPA;CN=Bob Sussman/OU=DC/O=USEPA/C=US@EPA[]; N=Bob Sussman/OU=DC/O=USEPA/C=US@EPA[]
Cc: CN=Alisha Johnson/OU=DC/O=USEPA/C=US@EPA[]
From: CN=James O'Hara/OU=DC/O=USEPA/C=US
Sent: Thur 1/24/2013 4:37:28 PM
Subject: wsj fracking story...sorry link didn't work first time

TENNILLE TRACY

Chesapeake Energy

CHK +1.89%

Range Resources

RRC +1.90%

Pioneer Natural Resources

PXD +1.56%

Denbury Resources

DNR +1.10%

Cabot Oil and Gas

COG +3.02%

Exxon Mobil

XOM +1.00%

Encana

ECA.T +2.43%

Chesapeake to Host EPA In Study of Fracking Risk
 Natural-Gas Producer to Host Federal Study of Drilling's Risk to Water Quality

By TENNILLE TRACY

WASHINGTON—Natural gas producer Chesapeake Energy Corp. CHK +1.89%has agreed to let the Environmental Protection Agency conduct extensive tests at one of its drilling sites as part of an investigation into the safety of hydraulic fracturing, an administration official said.

The testing, which will involve water sampling before and after drilling takes place, will serve as a cornerstone of a yearslong EPA study to determine whether the process known as fracking poses a risk to water supplies.

Another natural gas company, Range Resources Corp., RRC +1.90%also may allow the EPA to work at one of its drilling sites, although an agreement has been held up by researcher liability concerns at a drilling site, a Range Resources spokesman said.

The moves suggest companies believe they can pass close inspection by government scientists and hope cooperation will lead to a favorable view of fracking in the closely watched EPA study, which is due next year and is seen by both sides as having a major impact on the future of natural-gas drilling in the U.S.

The EPA says its study also will include sites where contamination has already been reported, including drilling projects by Pioneer Natural Resources Co., PXD +1.56%Denbury Resources Inc., DNR +1.10%Cabot Oil and Gas Corp. COG +3.02%and others.

But some of the most important work involves before-and-after testing of water quality and Chesapeake's participation will give the agency access to an active drilling project.

The EPA, which earlier expressed concern that such studies couldn't be completed in time for next year's report, now is expressing more confidence. An agency official said the results will be included so long as work starts before the spring.

Chesapeake, the second largest U.S. gas producer after Exxon Mobil Corp., XOM +1.00%and the EPA are "very close" to settling on a location and a start date, the official said.

"The value of these tests is that they are really the first independent review of what's happening from start to finish. It is a data set that doesn't really exist right now," said Briana Mordick, a scientist at the Natural Resources Defense Council.

However, Glenn Miller, a University of Nevada, Reno, professor of environmental science who studies water issues, said the EPA's test results should be taken with a grain of salt.

"If a company knows they're being followed closely, they're going to be very, very careful," Mr. Miller said.

U.S. production of natural gas has surged following advances in technology that allow energy companies to extract the fuel from hard-to-reach spots. In fracking, drillers pump a mix of water, sand and chemicals deep underground at high pressure to break apart energy-rich rocks and allow gas and oil to flow to the surface. The technique, used in many onshore drilling projects, is essential to harvesting huge oil and gas deposits trapped in shale.

The boom in production has stoked fears of water contamination. Some environmental groups, such as the Sierra Club, have called for stringent new controls.

Several natural gas companies already test water supplies before they start to drill to establish existing conditions in case they're later accused of contaminating the water.

Duke University researchers also are testing water samples in areas where drilling is likely to occur to perform before-and-after analysis.

The EPA declined to identify the location of the Chesapeake drilling site. The agency had said in December it had planned to do testing at a Chesapeake project in Louisiana's DeSoto Parish, but scheduling conflicts forced it to abandon those plans.

"We're confident in the science and the facts, and that [the EPA] will reach the same conclusions as everyone else," said Matt Pitzarella, a spokesman for Fort Worth, Texas-based Range Resources.

Range Resources "would very much like to work" with the EPA, Mr. Pitzarella said. While there is a holdup related to liability waivers for EPA employees at the site, "we're confident that we can reach an agreement," he said. Range Resources has been looking at letting the EPA conduct tests at a site in Washington County, Pa.

In 2010, the EPA accused Range Resources of causing natural gas to seep into water wells near some of its gas wells in North Texas, but it dropped the claim last year.

The EPA is still working on a study of natural gas drilling in Pavillion, Wyo., after the site producer, Encana Corp., ECA.T +2.43% and other government agencies challenged a 2011 draft EPA report that suggested a link to water contamination at Pavillion.